

Message Text

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ACTION H-03

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COMUSSAG

C O N F I D E N T I A L SECTION 1 OF 2 PHNOM PENH 7579

E. O. 11652: GDS

TAGS: OREP, CB

SUBJECT: STAFFDEL MOOSE/MEISSNER VISIT TO PHNOM PENH

REF: STATE 096167

1. SUMMARY. DURING THEIR MAY 27-31 VISIT TO PHNOM PENH, THE STAFFDEL HAD EXTENSIVE CONVERSTATIONS WITH MISSION OFFICERS, KHMER OFFICIALS (INCLUDING THE PRIME MINISTER) AND POLITICIANS, FOREIGN DIPLOMATS AND JOURNALISTS. THEY MADE ONE TRIP OUTSIDE OF PHNOM PENH. IN DISCUSSIONS WITH MEDTC, THE STAFFDEL SHOWED PARTICULAR INTEREST IN AMMUNITION CONSUMPTION AND U.S. SUPPORT FOR THE KHMER AIR FORCE (KAF). ISSUES SUCH AS "PHANTOMS", FANK CORRUPTION, AND AMERICAN "ADVISORS" DID NOT FIGURE SIGNIFICANTLY IN THE DISCUSSIONS. ON THE ECONOMIC SIDE, DISCUSSIONS WITH THE STAFFDEL CONCENTRATED AROUND AID LEVELS, THE REFUGEE PROGRAM, CIP FUNDING AND THE CURRENT HYPERINFLATION. THE STAFFDEL ALSO DISPLAYED CONSIDER-
ABLE INTEREST IN MISSION COMPLIANCE WITH LEGISLATIVE RESTRICTIONS ON OFFICIAL AMERICAN PERSONNEL IN CAMBODIA. THEY RECEIVED BRIEFINGS ON THE GENERAL MMILITARY, ECONOMIC AND POLITICAL SITUATIONS. THE STAFFDEL EXPRESSED APPRECIATION AT THE ASSISTANCE THEY RECEIVED AND THE TENOR OF THE VISIT WAS RELAXED AND CORDIAL. END SUMMARY.

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2. MOOSE AND MEISSNER TALKED WITH THE AMBASSADOR (ON THREE OCCASIONS), A/DCM, CHMEDTC, USAID DIRECTOR, DATT AND THEIR STAFFS. ON THE KHMER SIDE, THEY CALLED ON THE PRIME MINISTER, FANK C-IN-C GENERAL FERNANDEZ, MINISTER OF FINANCE KHY THAING LIM, GOVERNOR OF THE NATIONAL BANK SOK CHHONG, FORMER MINISTER OF COMMUNITY DEVELOPMENT KONG ORN, AND NATIONAL ASSEMBLY VICE-CHAIRMAN PAN SOTHI. THEY MET WITH AUSTRALIAN, JAPANESE AND FRENCH DIPLOMATS, THE LOCAL ESF MANAGER, AND MANY JOURNALISTS. AS USUAL, THEY DID A LOT ON THEIR OWN AND WENT TO ALMOST ALL OF THEIR APPOINTMENTS, INCLUDING THOSE ARRANGED BY THE EMBASSY, UN-ACCOMPANIED. THEY MADE A HALF-DAY TRIP TO KOMPONG THOM WHERE THEY TALKED WITH GOVERNOR AND MILITARY REGION COMMANDER GENERAL TEAP BEN AND WITH SEVERAL RESIDENT VOLAG REPRESENTATIVES ON THE REFUGEE SITUATION.

3. THE STAFFDEL DISCUSSED WITH DATT THE MILITARY SITUATION FROM THE CESSATION OF U.S. BOMBING TO THE PRESENT, ENEMY AND FRIENDLY SITUATIONS, 5 FANK FUTURE PLANS, THE VIABILITY OF GKR ENCLAVES, THE RELATIONSHIP OF THE ECONOMIC SITUATION TO MILITARY DEVELOPMENTS, AND THE NEED TO REOPEN THE TONLE SAP. THEY WERE GIVEN COPIES OF FIVE VISUAL AIDS SHOWING AREAS UNDER GKR CONTROL AND ENEMY AND FRIENDLY STRENGTH FIGURES. ALSO, AT THEIR REQUEST, THE STAFFDEL RECEIVED FROM FANK A SUMMARY SHEET OF FRIENDLY AND ENEMY LOSSES FROM OCTOBER 15, 1973 TO THE PRESENT, TOGETHER WITH A DATT CAUTIONARY COMMENT ON THE UNRELIABILITY OF THE FIGURES. (MEDTC ALSO PROVIDED LOSS FIGURES WITH A SIMILAR CAVEAT.)

4. THE STAFFDEL RECEIVED FROM POL/MIL OFFICERS BRIEFINGS ON ENEMY LEADERSHIP (PARTICULARLY THE KCP POLITICAL INFRASTRUCTURE), THE SIHANOUK/KC RELATIONSHIP, AND POPULATION CONTROL METHODS IN ENEMY AREAS. THEY WERE BRIEFED ON THE BACKGROUND OF ON-GOING STUDENT/TEACHER AGITATION, AND THE CURRENT FRICTION BETWEEN THE CABINET AND THE NATIONAL ASSEMBLY. EMBASSY EFFORTS ON BEHALF OF AMERICANS AND JOURNALISTS LISTED AS MISSING IN CAMBODIA WERE DISCUSSED WITH THE STAFFDEL AS WELL AS THE STATUS OF ICRC-GKR DISCUSSIONS ON NVA/VC POW'S HELD BY THE GKR.

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5. IN DISCUSSIONS WITH CHMEDTC AND STAFF, MANY QUESTIONS THAT HAD PREOCCUPIED THE STAFFDEL ON PREVIOUS VISITS SUCH AS "PHANTOMS", FANK CORRUPTION AND AMERICAN "ADVISORS" DID NOT FIGURE SIGNIFICANTLY. (THE STAFFDEL DID ASK FOR AND RECEIVE A FANK FACT SHEET ON ILLEGAL BRASS SALES.) MAIN TOPICS OF CONVERSTATION WERE: (A) IMPACT OF REDUCED FUNDING AND AMMUNITION COST INCREASE ON THE

GKR'S ABILITY TO WAGE THE WAR; (B) NUMEROUS QUESTIONS ON MEDTC AMMUNITION MANAGEMENT PROGRAM, (C) THE STATUS OF KAF WITH PARTICULAR ATTENTION TO SUPPLY OF KAF THROUGH EXCESS PROGRAMS AND WHETHER THE U.S. BUILT UP KAF ASSETS MORE RAPIDLY THAN ITS SUPPLY OF PILOTS AND MECHANICS WOULD WARRANT (NOTE: THE STAFFDEL FOCUSED ON THE AUGMENTATION OF KAF THROUGH THE EXCESS PROGRAMS AS A POSSIBLE CIRCUMVENTION OF CONGRESSIONAL INTENT.); (D) MAP/USAID INTERFACE IN PAYING FOR RICE AIRDROPS.

6. IN RESPONSE, MEDTC: (-) NOTED THAT AMMUNITION CONSUMPTION DESPITE CONSERVATION MEASURES IS LARGELY DETERMINED BY ENEMY INITIATIVES AND EXPRESSED CONFIDENCE THAT FANK WILL HOLD; (B) DESCRIBED THE APPARENT STAFFDEL SATISFACTION THE MEDTC AMMUNITION MANAGEMENT PROGRAM AND INCREASED MANPOWER DEVOTED TO IT; (C) DESCRIBED FULLY ALL SOURCES OF KAF AIRCRAFT AND FUNDING AND POINTED OUT THAT DURING THE RAPID EXPANSION OF KAF NECESSITATED BY U.S. BOMBING HALT ALL ASPECTS OF THE PROGRAM COULD NOT BE EXPECTED TO MESH PERFECTLY, BUT THAT NONE HAS EVER BEEN BADLY OUT OF PHASE; (D) NOTED MAP/USAID FINANCING OF RICE DROPS IS BASED ON THE RATIO OF CIVILIAN TO MILITARY POPULATION. THE STAFFDEL WAS GIVEN A

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C O N F I D E N T I A L SECTION 2 OF 2 PHNOM PENH 7579

MAJORITY OF THE SLIDES AND CHARTS USED DURING THE MEDTC BRIEFING. A FACT SHEET WAS PROVIDED ON AMMUNITION AS WELL AS SEVERAL BREAKOUTS OF FANK MANPOWER GAINS THROUGH CONSCRIPTION AND RECRUITING.

7. WITH USAID, THE FOLLOWING WERE THE PRINCIPAL POINTS OF DISCUSSION:

(A) AID LEVELS-THESE WERE EXPLAINED AT LENGTH WITH PARTICULAR EMPHASIS ON REFUGEE PROGRAM AND CIP FUNDING. THE SPLIT BETWEEN DOLLAR AND LOCAL CURRENCY FUNDING WAS DISCUSSED.

(B) ROLE OF AID PROGRAM-THE EVOLVING ROLE OF THE ECONOMIC AID PROGRAM IN CAMBODIA WAS REVIEWED, FROM ITS PREVIOUS EMPHASIS ON IMPORT SUPPORT TO THE PRESENT PROGRAM WHICH CENTERS ON FIGHTING HYPERINFLATION, HELPING REFUGEE RESETTLEMENT, DOMESTIC TRANSPORTATION AND THE SUPPLY OF BASIC COMMODITIES SUCH AS RICE AND POL. THE MEASURES BEING TAKEN IN RESPONSE TO THE PROBLEMS OF HYPERINFLATION AND THE SUPPLY OF DOMESTIC PRODUCE TO PHNOM PENH, WHICH HAVE RESULTED FROM THE SEVERING OF MOST DOMESTIC LINES OF COMMUNICATION INTO THE CAPITAL, WERE DISCUSSED IN DETAIL.

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(C) REFUGEES-VARIOUS ASPECTS OF THE PROGRAM WERE DISCUSSED, INCLUDING THE RELATIONSHIP OF THE VOLUNTARY AGENCIES AND THE NEWLY CREAATED RESETTLEMENT AND REDEVELOPMENT FOUNDATION WITH THE MINISTRY OF REFUGEES. THE POSSIBILITY OF EXEMPTING VOLAG PERSONNEL WHOSE SALARIES WOULD BE PAID BY THE U.S. FROM THE OFFICIAL PERSONNEL CEILING WAS EXAMINED.

(D) RICE-IN BRIEFINGS TO THE STAFFDEL ON THIS SUBJECT, INFORMATION WAS PROVIDED ON THE RICE BACKHAUL TO UTAPAO AND THE POINT WAS MADE THAT A CONTINUING HIGH LEVEL OF PL 480 IMPORTS IS NECESSARY.

(E) OTHER-MISSION POLICIES ON THE EXCHANGE RATE AND LUXURY IMPORTS WERE REVIEWED, ALONG WITH PAST DIFFERENCES WITH THE IMF ON THESE SUBJECTS. MEISSNER EXPRESSED THE VIEW THAT THE EXCHANGE RATE SHOULD GO UP. REGARDING FAA SECTION 40 ON THE USE OF FOREIGN CURRENCIES, THE STAFFDEL WAS TOLD THAT WHAT WERE PREVIOUSLY GRANT AGREEMENTS WILL CONVERT AS OF JULY 1 TO DOLLAR CREDIT. MOOSE AND MEISSNER WERE INFORMED THAT USAID CONTRACTS WITH AIR AMERICA AND CONTINENTAL ARE USED FOR PROGRAM SUPPORT (PRIMARILY REFUGEES) AND NOT FOR COMMUTING PERSONNEL INTO THE COUNTRY.

8. MOOSE AND MEISSNER RECEIVED FROM USAID GENERAL BRIEF-
ING AND ECONOMIC DATA BOOKS, STATISTICS ON POL CONSUMPTION
AND DATA ON PRICE CHANGES IN PHNOM PENH OVER THE PAST
FIVE MONTHS. INFORMATION IS TO BE PROVIDED THEM SUB-
SEQUENTLY COMPARING ELECTRICAL CONSUMPTION IN PHNOM
PENH DURING 1969 AND 1974. THEY ALSO REQUESTED AND RE-
CEIVED COPIES OF STATE 94406 REGARDING THE COMPTROLLER-
GENERAL DECISION ON FAA SECTION 40 AND STATE 11267 ON
THE PL 480 TITLE I PROPOSED 9TH AMENDMENT TO THE
JULY 25, 1973 AGREEMENT.

9. MOOSE AND MEISSNER SHOWED CONSIDERABLE INTEREST
IN MISSION COMPLIANCE WITH THE RESTRICTIONS ON
OFFICIAL AMERICAN PERSONNEL IN CAMBODIA. THEY DIS-
CUSSED THE MATTER IN DETAIL WITH THE AMBASSADOR AND
A/DCM AND RECEIVED DOCUMENTS ON THE NUMBER OF
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OFFICIAL SLOTS, LONG AND SHORT-TERM TDY PERSONNEL,
AND AVERAGE DAILY NUMBERS OF TDY PERSONNEL IN-COUNTRY.

10. COMMENT. THE VISIT WENT OFF WELL AND MOOSE AND
MEISSNER ON SEVERAL OCCASIONS EXPRESSED THEIR APPRECI-
ATION FOR THE ASSISTANCE AND COOPERATION THEY HAD RE-
CEIVED HERE. WE MADE EVERY EFFORT TO BE FORTHCOMING
WITH THEM, AND BELIEVE THIS REGISTERED. OVERALL, THE
STAFFDEL SEEMED MORE CONCERNED WITH THE GENERAL
THRUST OF FUTURE U.S. POLICY THAN IN SPECIFIC OPERA-
TIONAL ASPECTS. THEY COMMENTED FREQUENTLY ON THE
MAGNITUDE OF THE PROBLEMS FACED BY THE GKR. END COMMENT.
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